prescribed intervals, RBI has put in place the mechanism of off-site monitoring system to enable improved supervision. In order to exercise integrated supervision over the financial system, the Board for Financial Supervision (BFS) with its Advisory Council was constituted in 1994.

Amount Advanced in Foreign Exchange by the FIs

1497. SHRI GYAN RANJAN: Will the Minister of FINANCE be pleased to state:

(a) whether there is any method to verify that the amount advanced in foreign exchange by the financial institutions is actually spent in full by the industry to which it is advanced;

(b) if so, whether there have been some cases of violation of the norms if so, the number of cases registered by the Directorate of Enforcement in this regard and what action has been taken; and

(c) if not, what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) The Industrial Development Bank of India (IDBI) has reported that foreign exchange loans are advanced by it for import of goods or for project-related rupee expenditure. In case of imports, letters of credit (LC) are opened by IDBI in favour of overseas suppliers. On shipment of goods, payment in foreign currency is made by IDBI directly to the suppliers bank, as per LC terms. In case of foreign currency loans for project-related rupee expenditure, loans are disbursad in rupees by selling foreign currency in the inter-bank market, to meet the project expenditure already incurred to be incurred by the company. An auditor's cartificate for expenses incurred towards the project is obtained for all such foreign currency loans.

IDBI has further reported that there has been no violation of norms by its assisted companies. The Directorate of Enforcement have reported that they have not registered any case in this regard.

The Industrial Finance Corporation of India Ltd. has reported that in one case where advance payment was made and no import took place, the matter has been duly reported to Reserve Bank of India.

Loans Advanced by Financial Institutions to Essar Group

1498. SHRI GYAN RANJAN: Will the Minister of FINANCE be pleased to state:

(a) whether Public Financial Institutions have advanced loans to ESSAR Group of companies;

(b) if so, the details of the loans sanctioned and disbursed, project-wise;

(c) the names of the officers responsible for sanctioning of loans;

(d) whether ESSAR Group has not been able to repay the loan instalment regularly and if so, when it came to notice and what action had been taken by the financial institutions, and if not, the reasons therefor;

(e) whether the amount sanctioned has been fully utilised or has it been siphoned off abroad; and

(f) the number of cases pending against ESSAR Group of Companies and the progress made in each case?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Yes, Sir.

(b) The Industrial Development Bank of India (IDBI) has reported that all India Financial institutions, IDBI, Industrial Finance Corporation of India Limited